



Records Management Policy and Procedures Document

Hovnanian Enterprises Inc.



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1.0 Introduction

The maintenance of an effective program for managing records is essential to ensure that Hovnanian Enterprises Inc. continues to operate efficiently. Hovnanian Enterprises Inc. recognizes that it is good business practice to retain records in a consistent, systematic and reliable manner so that they can be retrieved promptly when required for legal, regulatory, or operational reasons. Failure to keep records in good order can result in very serious consequences for Hovnanian Enterprises Inc. including enforcement action being taken by a regulator, reputational damage, or an inability to defend or pursue litigation.

Hovnanian Enterprises Inc. Records Management Program has been developed to provide management direction and support throughout the business records lifecycle. The objectives of this program are to:

- Develop and maintain a comprehensive Records Retention Schedule.
- Observe consistent records retention and destruction practices.
- Improve access to records by promoting consistency and control of records.
- Manage the overhead cost associated with storage and maintenance of records by controlling the proliferation of records that have no enduring business value.
- Properly retain appropriate records for potential litigation and compliance requirements.
- Manage litigation and compliance risks associated with recordkeeping policies and practices.

To help Hovnanian Enterprises Inc. achieve these objectives this Records Retention Policy has been adopted. This Policy, together with the Records Retention Schedule and the Records Management Procedures, provide a framework for properly managing Hovnanian Enterprises Inc. records.

2.0 Scope

The principles addressed in this Policy apply to all business units, subsidiaries, and affiliate companies within Hovnanian Enterprises Inc., including associates of Hovnanian Enterprises Inc. where Hovnanian Enterprises Inc. exercises management control and those companies to whom services are outsourced by Hovnanian Enterprises Inc.. These principles should therefore be adhered to except where amendments are required to be made for exceptional reasons.

This policy governs all types of records created or received in the conduct of Hovnanian Enterprises Inc. business, as defined under Section 3.0, *Definitions*.

All associates, contractors, and agents who create, receive, use, or manage Hovnanian Enterprises Inc. records are required to comply. For associates of Hovnanian Enterprises Inc., the terms of the Records Management Policy are deemed to form part of an associate's terms and conditions of employment. Failure to comply with the Policy could lead to disciplinary action against individuals, including dismissal and even legal action.

3.0 Definitions

Records: For the purposes of this Policy, "records" shall be defined as information created or received by any Hovnanian Enterprises Inc. business unit in the course of its business.

Records are not specific to any particular media or format. They may take the form of (a) paper documents, forms, reports, manuals, correspondence, and files; (b) computer files such as spreadsheets, databases, word-processed documents, and e-mail messages; or (c) information in other formats such as video tape, audio tape, microfilm, and photographs.

Official Records: Records containing information that is required to be retained for business or legal reasons. Official records provide evidence of Hovnanian Enterprises Inc.'s organization, business functions, policies, decisions, procedures, operations, and internal or external transactions, and reflect Hovnanian Enterprises Inc.'s intent to preserve such information.

Unofficial Records: Records that are not required to be retained for business or legal reasons. These may include:

- Duplicates or "convenience" copies of official records that have not been annotated.
- Document drafts that have been superseded by approved, official versions.
- Published literature, catalogs and trade journals.
- Casual correspondence including records created to facilitate meetings or for internal communication (many e-mail messages fall under this category).
- Reference materials, which have no on-going value.

Active Records: Records related to current or in-process activities. These records are typically referred to on a regular basis to respond to internal and external business requirements. Examples include:

- Open invoices
- Current or open contracts
- Projects in process
- Current personnel files

Inactive Records: Records related to closed, completed, or concluded activities. Inactive records are no longer routinely referenced but must be retained in order to fulfill legal, operational, or other retention requirements.

Vital Records: Records whose loss would have a serious adverse impact on Hovnanian Enterprises Inc.'s continuation and survival, particularly following a disaster or emergency.

Historical Records: Records that have enduring historical significance and are targeted for long-term preservation in the Hovnanian Enterprises Inc. Archives.

Electronic Records: Records that contain machine-sensible or machine-readable information.

E-Mail: E-mail is not a particular document type, but a delivery method for many document types. While some e-mail messages may be official records, others are not.

Holds: The procedure used to cease destruction of certain records, even if the Records Retention Program mandates destruction.

4.0 Roles and Responsibilities

It is the responsibility of each individual to manage the creation, use, retention and destruction of records effectively and efficiently in accordance with this Records Retention Policy. Furthermore, it is the responsibility of management to administer and enforce this Records Retention Policy and to ensure that proper records management procedures are followed. Additional records management roles and responsibilities are defined as follows:

4.1 Department Managers

Each Department Manager is responsible for ensuring that departmental records are managed in accordance with the policy and procedures. These responsibilities include:

- Approving the destruction of records under the Records Management Program by reviewing and approving Destruction Eligibility Reports.
- Applying department holds on records as necessary.
- Scheduling and supervising purges of active records.
- Ensuring compliance to the records management policies and procedures for the department.
- Oversight of the Department Records Coordinator's activities.
- Cooperation with the Corporate Records Administrator to successfully apply the Records Management Policies.

4.2 Department Records Coordinators

Department Records Coordinators are appointed in specific business divisions, groups, areas and departments and are responsible for local implementation of the Records Management Program within their departments or business areas. Specific responsibilities include:

- Serving as primary Records Management contact for their location.
- Training other staff members in specific tasks associated with records management policies and procedures.
- Obtaining and maintaining records management supplies and forms.
- Assuring that records sent to offsite storage are properly indexed and classified per the Hovnanian Enterprises Inc. Records Retention Schedule.
- Acting as a liaison to the Corporate Records Administrator for coordinating the Records Management Program.
- Communicating records retrieval and pick-up requests to Iron Mountain.
- Receiving requests for access and retrieval of records and verifying that the requestor is an authorized associate identified by the Corporate Records Administrator.

4.3 Corporate Records Administrator

The Corporate Records Administrator is responsible for overall records management administration. This includes coordinating and communicating policies related to record retention

practices and administering the process of transferring records to and from Iron Mountain storage locations. Core areas of responsibility are:

- Notifying Hovnanian Enterprises Inc.'s Legal Department of any amendments which should be made to the Policy and Procedures Manual, and/or Records Retention Schedule to take account of changes in legal, regulatory or operational requirements.
- Recommending tools and systems needed to implement the Records Management Program and providing consultation for new and modified records management resources including the acquisition of new storage equipment (filing cabinets, etc.), software applications, and records management systems.
- Administering and coordinating the destruction review process.
- Approving the destruction of eligible records after review by Hovnanian Enterprises Inc.'s business units and legal department.
- Supporting and providing consultation to Department Managers for the purge of onsite records.
- Confirming that records are appropriately reviewed for destruction and ultimately destroyed in a timely fashion.
- Coordinating the process of applying and removing retention holds that suspend Hovnanian Enterprises Inc.'s Records Retention Schedule in the event of actual or anticipated legal action or audits.
- Coordinating the review process of records with an "Indefinite" retention period for appropriate retention and/or destruction decisions.
- Ensuring that electronic records, including e-mail, are retained in compliance with the Records Management Policy and the Hovnanian Enterprises Inc. Records Retention Schedule.
- Providing records management supplies and forms to Department Records Coordinators.
- Administering the transfer and retrieval of records to and from off-site storage.
- Maintaining a current list of associates authorized to access records from remote storage locations.
- Monitoring compliance with policies and procedures.
- Providing clarification on policies and procedures.

4.4 Hovnanian Enterprises Inc. Associates

Hovnanian Enterprises Inc. associates are responsible for the preparation of their materials to be sent to off-site storage. This includes carton packing and preparation, as well as carton indexing and classification of paper records and other records on physical media. It also includes proper evaluation of e-mail and other electronic records to determine the appropriate classification and storage. Specific responsibilities include:

- Treating all records as assets and property of Hovnanian Enterprises Inc.
- Preparing hardcopy and electronic records for appropriate storage.

- Describing and classifying hardcopy and electronic records using the indexing procedures described in Section 8.0, *Records Management Procedures*.

4.5 Records Management Steering Committee

The Steering Committee is responsible for overseeing Hovnanian Enterprises Inc.'s Records Management Program. The Committee is comprised of representatives from Accounting, Audit Services, Legal, Human Resources, Information Services, Finance, Compliance, Title and Mortgage and Operating Groups, Divisions, Regions and Areas. The Committee will meet at appropriate intervals to assess the current state of the Program. Specific responsibilities include:

- Providing high-level management and oversight of the program.
- Recommending staff and system resources.
- Assuring that the Records Management Program, including the Records Retention Policy and Records Retention Schedule, is properly maintained and updated.
- High-level oversight of compliance with the policies and procedures.

4.6 Tax, Legal and Audit Services

These roles have responsibility for:

- Recommending suspension of the routine destruction of records by applying retention holds to records needed to support ongoing audits, litigation, and other events.
- Recommending the lifting of retention holds when the event is completed.
- Any recommendation made for the suspension or lifting of retention holds requires notification of the Company's General Counsel who will coordinate with the Corporate Records Administrator to facilitate the recommendation.
- Notifying the Steering Committee and/or the Corporate Records Administrator of significant changes in corporate organization and/or regulatory changes that necessitate a review of Hovnanian Enterprises Inc.'s Records Management Policy or Records Retention Schedule.

5.0 Records Management Policy

5.1 Ownership

All records created or received in the course or conduct of Hovnanian Enterprises Inc. business by any individual governed by this Policy are the exclusive property of Hovnanian Enterprises Inc. and are not the property of the record's author, creator, or custodian. No associate has any personal or property right to any Hovnanian Enterprises Inc. record(s), including those records that they helped create. Therefore, all Hovnanian Enterprises Inc. records, both official and unofficial, are subject to and must be managed in compliance with this Policy, the Records Retention Schedule and Records Management Procedures.

Furthermore, intellectual property rights in all records belonging to Hovnanian Enterprises Inc. are owned by Hovnanian Enterprises Inc. in perpetuity. Intellectual property includes registered trademarks, patents, registered designs, applications for and the right to apply for any such rights, inventions, unregistered trademarks, trade and business names, copyrights, unregistered design rights, databases and rights in databases, and all other similar proprietary rights which may subsist in any part of the world. Intellectual property rights also extend to all renewals, extensions, revivals, consents, and applications related to the above property types.

5.2 Records Creation

Hovnanian Enterprises Inc. is committed to creating and maintaining complete, accurate, and trustworthy records of all its business activities. Deliberately creating false or misleading records regarding Hovnanian Enterprises Inc. activities is strictly prohibited. All records, documents, and communications pertaining to Hovnanian Enterprises Inc. business should be appropriately and accurately worded to reflect Hovnanian Enterprises Inc.'s concern for safe and ethical business practices.

All records (paper, electronic, e-mail, and other formats) are potentially discoverable in litigation, regardless of their storage medium and regardless of physical location. Records should not contain language that is misleading, incomplete, inaccurate, fraudulent, harassing, embarrassing, sexually explicit, profane, obscene, intimidating, abusive, libelous, defamatory, or that violates any laws or regulations. All records, including e-mail, should be created with the specific purpose of communicating or documenting business matters. Associates should use discretion when creating records and avoid language that may give the impression of unlawful conduct or that may violate Hovnanian Enterprises Inc. policies.

5.3 Confidential, Proprietary, and Sensitive Records

All records that are confidential, proprietary and sensitive in nature are only transmitted electronically with Hovnanian Enterprises Inc. approved encryption. This includes but is not limited to such records as:

- Confidential associate information including salary and personal health information.
- Proprietary data, trade secrets, or other Hovnanian Enterprises Inc. confidential information.
- Attorney-client privileged information.

5.4 Electronic Records

The Information Technology Department, in cooperation with the Corporate Records Administrator, will advise associates on the appropriate technologies and media for managing and retaining electronic records (including e-mail) to ensure that official copies are accessible for the full retention period. This responsibility includes:

- The evaluation of any new business applications, software, or upgrades to technology.
- The review of any media conversions to ensure that all records being converted will be able to comply with Hovnanian Enterprises Inc.'s Records Retention Policy.
- Assessing current system capabilities to comply with Records Management policies.
- Developing plans for the long-term preservation and purging of electronic records per the Records Retention Schedule.

Paper records should be designated as the Official Records in situations where information is duplicated between media, unless the electronic records system is capable of classifying and permanently purging documents per the Retention Schedule. If the Official Record is paper, electronic records should only be retained as long as actively needed and, in no case, longer than the paper records.

5.4.1 E-Mail

E-mail is not a particular document type, but a delivery method for many document types. Most e-mail is casual in nature and is not an official corporate record. Some e-mail, however, is an Official Record and needs to be treated as such. Associates should retain all e-mail that meets the Official Record criteria on a media that will ensure its compliance with the Hovnanian Enterprises Inc. Records Management Program. In general, if e-mail can be classified using the Records Retention Schedule, then it is an Official Record and should be retained. There are two categories of e-mail messages:

- **Official:** Messages containing information, which must be retained for business or legal reasons. Official messages provide evidence of Hovnanian Enterprises Inc.'s organization, business functions, policies, decisions, procedures, operations, and internal or external transactions. Such messages are considered official Hovnanian Enterprises Inc. business records and are therefore subject to the provisions of Hovnanian Enterprises Inc. Records Management Policies and Procedures, including Hovnanian Enterprises Inc. Records Retention Schedule. Official e-mail messages should not be treated differently from paper records in this regard.
- **Unofficial:** Personal, transient, or any other messages which do not require to be retained for business or legal reasons (e.g. "Thank you" messages). Duplicates, drafts, and uncontrolled versions are also considered unofficial.

It is the responsibility of each associate to ensure that all e-mail messages are properly managed, retained, and disposed of. It is Hovnanian Enterprises Inc. policy that the e-mail system should not be used as a storage or recordkeeping system. Unofficial e-mails should be deleted once they have been read, as soon as they have fulfilled their purpose or, in the case of drafts, as soon as they have been superseded by an official version.

As Hovnanian Enterprises Inc. records, official e-mail messages should be removed from the e-mail system and placed in an approved recordkeeping system. Users should print out official e-mail messages and file them, transfer them to an electronic storage system, or otherwise file

them in accordance with departmental procedures. At a minimum, file copies should meet the following requirements:

- Official e-mail must be preserved with sufficient descriptive data to place the record in its proper context. At a minimum, this includes the name of the sender, the name of all primary addressees (or distribution lists), the name of all other addressees (or distribution lists), the date and time the message was sent, the date and time the message was received (for received messages), and the subject of the message.
- Official e-mail must be coded within the proper Records Retention Schedule class and retained for its full retention period as specified in the Records Retention Schedule. Official e-mail must be protected from inappropriate deletion prior to the expiration of the retention period. When the retention period has expired, official e-mail messages must be destroyed in compliance with Hovnanian Enterprises Inc. policies and procedures.
- Official e-mail must be accessible to authorized personnel within the organization for its full retention period. That is, such records cannot be "private," in the sense that only the individual who created or received them is able to locate them. For instance, it is not acceptable for associates to store official e-mail messages on local hard drives or to print them out and place them in "personal" desk drawers. Such records should be stored in a specified file share or, if printed, placed in a central or departmental file area.

Once filed, official e-mails should be deleted from the e-mail system.

5.5 Records Retention

Detailed rules relating to the period and manner in which records require to be retained are contained in a broad range of legislation and regulations. In particular, specific rules relating to tax, accounting, environmental issues, workplace safety, and operational requirements set out a variety of retention requirements for different classes of records.

The Hovnanian Enterprises Inc. Records Retention Schedule is a policy document that Hovnanian Enterprises Inc. uses in order to ensure that records are kept as long as legally and operationally required and that obsolete records are disposed of in a systematic and controlled manner. Hovnanian Enterprises Inc.'s Records Retention Schedule is intended to ensure that associates adhere to approved recordkeeping requirements, and that they do so consistently.

Categories or *Classes* of records are listed on the Schedule along with the approved retention period for each Record Class. The retention period is the length of time that records in each Record Class must be retained according to Hovnanian Enterprises Inc. Policy. A retention period may be stated in terms of months or years, or may be expressed as contingent upon the occurrence of an event such as the termination of a contract or conclusion of a project. For most Record Classes, the retention period begins when the record is created.

Hovnanian Enterprises Inc. is committed to retaining and destroying its business records in compliance with the retention periods stated in the Hovnanian Enterprises Inc. Records Retention Schedule. Hovnanian Enterprises Inc.'s Records Retention Schedule is the *only* official authority for the retention and destruction of Hovnanian Enterprises Inc. records.

The retention periods provided in Hovnanian Enterprises Inc.'s Records Retention Schedule are intended to be as short as possible to minimize the volume of records while still complying with all legal, contractual, or operational requirements. Records should neither be kept longer than the

periods stated in the schedule, nor should they be destroyed or discarded before the stated retention period expires.

5.6 Business Records Storage

Records must remain on Hovnanian Enterprises Inc. premises or in other Hovnanian Enterprises Inc. approved storage locations. Associates may not remove records from the premises except for temporary purposes specifically approved in advance by Department Manager.

Records should be stored in a location appropriate to their status: "Active" vs. "Inactive." They must be identifiable and available for access by authorized Hovnanian Enterprises Inc. associates, external auditors, or attorneys as necessary.

5.7 Records Destruction

An established pattern of systematic document retention and destruction serves as evidence of Hovnanian Enterprises Inc.'s good faith in attempting to conform to the law. Haphazard patterns of records disposal may appear suspicious and can suggest that only unfavorable or embarrassing records were destroyed.

Official Records: Official records that have fulfilled their retention period and have been approved for destruction must be destroyed as soon as possible. Prior to destruction, business units should ensure that the records are free of all retention holds. (See 5.8, *Suspension of the Retention Schedule*).

Premature destruction of records is expressly prohibited. The intentional premature destruction of records will be taken very seriously and may result in disciplinary action, up to and including termination of employment, and possible civil and criminal liability.

Destruction of confidential official records should be carried out in accordance with the appropriate Confidential Destruction Procedures.

Unofficial Records: Unofficial records should be discarded once they have been read, as soon as they have fulfilled their purpose or, in the case of drafts, as soon as they have been superseded by an official version.

Under no circumstance should duplicates or drafts (unofficial records) be retained longer than the official versions of the records. When records are approved for destruction, all copies in the possession of associates in all media and formats must also be discarded. This includes photocopies, microfilm copies, and electronic files stored on removable media, hard disks, file servers, magnetic tape, or other storage devices, subject to the limitations of specific software applications.

5.8 Suspension of the Retention Schedule

When it becomes clear that there is a possibility of litigation, audit, or governmental investigation being commenced at some point in the future by or against Hovnanian Enterprises Inc., all regularly scheduled destruction of records associated with the action must be immediately suspended. In order to prevent these records from being inadvertently destroyed, a system of "holds" will be assigned to records subject to these legal constraints. Records that are under a hold order cannot be destroyed even when permitted by Hovnanian Enterprises Inc.'s Records Retention Schedule.

Hovnanian Enterprises Inc.'s Corporate Legal Department in coordination with the Corporate Records Administrator have the authority to issue or release a hold order that suspends the retention requirements for records. The Legal Department, Audit Services Department, and Corporate Records Administrator will maintain a listing of legal matters and related hold orders.

Retention holds are not to be used to permanently deviate from Hovnanian Enterprises Inc.'s Records Retention Schedule. It is Hovnanian Enterprises Inc. policy to lift hold orders as soon as the legal matter has been completed or the requirements of the special circumstances have been fulfilled.

Destroying, discarding, withholding, or altering records pertinent to a legal, governmental investigation, or audit action is a crime. Persons found guilty of such actions can be subjected to criminal penalties, including fines and imprisonment.

5.9 Historical Records

All records deemed worthy of permanent preservation for historical reasons, irrespective of their format are considered *Historical Records* and must pass to Hovnanian Enterprises Inc.'s Corporate Records Administrator when they reach the inactive phase of their lifecycle. Historical records are typically those records that document Hovnanian Enterprises Inc.'s past, its development, significant events, and key personnel.

Ownership and physical custody of records designated as archival should pass to Hovnanian Enterprises Inc.'s Corporate Records Administrator where they are held in preservation conditions. Access is allowed in line with any instructions from the depositing area and in accordance with Hovnanian Enterprises Inc. restrictions.

Certain electronic records may, for technical reasons, be more appropriately archived by the creating department in a manner agreed with and documented by Hovnanian Enterprises Inc.'s Corporate Records Administrator.

5.10 Vital Records

Records that are necessary to the continuation of the business are Vital Records. Typically this is a small percentage of Hovnanian Enterprises Inc.'s overall business records. However, the importance of these records to the effectiveness of the organization justifies additional attention, which must be appropriate to media and recovery time for that vital record.

While many of Hovnanian Enterprises Inc.'s vital records are created and captured in enterprise-wide electronic systems, vital records may also be found in other systems and formats. Hovnanian Enterprises Inc.'s Corporate Records Administrator is required to identify all company vital records. The version and format of each vital record must also be identified. A Vital Records version and format can vary and be specific to a particular record type. Custodians of Hovnanian Enterprises Inc.'s vital records must ensure their on-going identification, protection and preservation.

5.11 Program Audits

The records management program will be audited annually for compliance to the policies and the procedure manual in effect at the time of the audit. The audits will be performed by Audit Services. Failure to comply with the Policy could lead to disciplinary action against individuals, including dismissal and even legal action.

6.0 Policy Maintenance

It is expected that changes will be required to be made to the Policy from time to time to take account of changes in legal, regulatory, or operational requirements for records management and retention.

The Corporate Records Administrator should notify the Steering Committee of any amendments, which they believe should be made to the Policy and/or Records Retention Schedule to take account of such changes. In particular, Tax, Legal and Audit Services are responsible for notifying the Corporate Records Administrator of any changes, which affect Hovnanian Enterprises Inc.'s compliance, tax, and accounting obligations regarding the management and retention of records.

The Corporate Records Administrator will be responsible for making any necessary amendments to the Policies. The Steering Committee will review the Record Classification Scheme for appropriate fit to the organization annually. In addition, the Steering Committee will have the retention time periods reviewed through legal and regulatory research every two years.

7.0 Relation to Other Hovnanian Enterprises Inc. Policies

Associates are advised to review the following Hovnanian Enterprises Inc. Policies and documentation:

- Records Retention Schedule
- Records Management Procedures Manual
- Corporate Electronic Communications Policy

8.0 Records Management Procedures

8.1 Active Records Management

Records related to "open" or in-process activities are called Active Records. These records are typically referred to on a regular basis in response to internal and external business requirements. The period of time during which records are active varies by record class and by departmental requirements.

Active records should be maintained on-site at the business location, within the departmental areas. Active records may be sent off-site to the Iron Mountain Records Center if space does not permit them residing within the department.

Hardcopy records (paper, photographs, microfilm records, and production films) should be stored in filing equipment appropriate to the record media, size, and security status. The Department Manager is responsible for developing a standard file plan for the department. All associates are expected to maintain their files in a manner that is secure and logical for the type of record being maintained.

To ensure that electronic records can be identified and located when needed a standard naming convention will be established within each department.

Electronic records that meet the criteria of *Official Records* should be moved to Hovnanian Enterprises Inc. shared network drives and placed in the proper folder to ensure that the record is being protected and retained in accordance with the Records Retention Schedule. Official records should only be placed on drives or other media that are secure and backed up on a regular basis.

Contact your Department Records Coordinator for detailed instructions.

8.2 Inactive Records Management

Official records with infrequent access requirements or those that refer to closed, completed, or concluded activities, are *Inactive Records*. Inactive records have outlived their active stage but must be retained for operational reference purposes or to meet legal retention requirements. In order to properly manage inactive records follow the instructions in the sections below.

8.3 Ordering Supplies

Before the records purge is scheduled be sure to order adequate supplies for your department. Records Transmittal Sheets or Forms, barcode labels, and approved records storage cartons can be obtained from the Department Records Coordinator. Alternatively, these supplies may be ordered through Iron Mountain.

8.4 Purge of Office Records

Each Department is responsible for scheduling and implementing semi-annual purges of on-site records to manage office space. Corporate will send reminders so that purging is done regularly. The Corporate Records Administrator will monitor the process to assure adherence to the policy. As part of this process associates must determine which inactive official records should be retained on-site, which should be sent to off-site storage, and which records are candidates for immediate destruction review in accordance with the Hovnanian Enterprises Inc. Records Retention Schedule. Unofficial records (convenience copies, drafts, etc.) should be discarded at this time.

Purging is the process of removing inactive material from active storage areas for inactive storage or for destruction. Follow these six easy steps to purge active records.

- Step 1** Examine files by record class. A record class is a group of similar or related records that reflect an area of information. It is likely that files are already organized this way, but you may want to consult the Records Retention Schedule for record classes in your department.
- Step 2** Sort, pull, and group files that are older than 12 months or otherwise inactive. Records that are frequently retrieved or require instantaneous access should remain in the active filing system regardless of age
- Step 3** Group files by record class and age to the extent possible.
- Step 4** For files containing records with a range of ages, define the age of the file (for storage purposes) as if the entire file were the age of the newest record.
- Step 5** Pack records within each carton by record class, avoiding mixing record classes if possible. (Refer to Packing Cartons for instructions)
- Step 6** Complete the information for records being sent to off-site storage as shown under "Describing Records Using the Records Transmittal Sheet or Form." Refer to your Retention Schedule as a guide to assign the appropriate record class codes for each carton.

Official records, which were not sent to inactive storage and whose full retention period indicated in the Hovnanian Enterprises Inc. Records Retention Schedule has expired, should be indexed so they can be incorporated into the Destruction Review and Approval process. The indexing should be a list that contains the following information for each record eligible for destruction:

- Record Description
- Date of Record
- Record Class Code
- Department Name

Once the list is completed the records should be boxed and held in the department area until the destruction candidate list is approved. The Department Records Coordinator, with approval from the Department Manager and coordination with the Corporate Records Administrator will review the department list for any global retention holds imposed by Tax, Legal and Audit Services. An approval notification will be returned to the department.

Departments should not initiate destruction of on-site records without approval of the Department Records Coordinator, with approval from Department Manager and coordination with Corporate Records Administrator. The destruction process will be managed by Department Records Coordinator in accordance with the confidential destruction procedures outlined in Section 10.3. When destruction has been completed, the Corporate Records Administrator will maintain the approved list, approval notification, and destruction notification.

8.5 Transfer of Records To and From Offsite Storage

All inactive official records required to be retained for longer than routine business use should be transferred to an Iron Mountain Records Center, Hovnanian Enterprises Inc.'s approved commercial storage vendor. A useful rule of thumb: If the records are accessed less often than once per month, it is generally more cost-effective to move them to offsite storage.

If Hovnanian Enterprises Inc. records are stored anywhere other than onsite or an Iron Mountain Records Center, the Corporate Records Administrator must approve such storage.

Inactive records can be maintained in offices as long as space, equipment, cost, security, access, and retrieval meet Hovnanian Enterprises Inc. criteria.

Both Official Records and unofficial records will be accepted for off-site storage.

To send your records to off-site storage, there are three major steps involved. These include:

- Step 1 Packing cartons
- Step 2 Describing records using the Records Transmittal Sheet (Section 8.5.3) or Form (Section 8.5.4) or On-Line Transmittal Form (Section 8.5.5)
- Step 3 Transferring records to Iron Mountain

These steps are detailed in the following paragraphs

8.5.1 Packing Cartons

Approved Storage Cartons

Only cartons designed for record storage can withstand the weight and handling when fully packed. Accordingly, use standard records storage cartons for storage. Cartons can be ordered through the Department Records Coordinator within your department.

A standard letter/legal size container accommodates most business records. Its dimensions are 15"L x 12"W x 11"H with handholds on each end. It is designed to fit standard letter size files packed lengthwise or standard legal-size files packed width-wise.

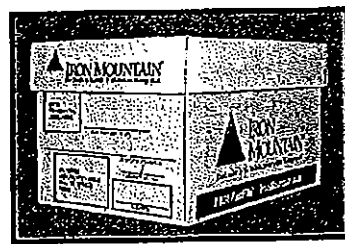


Fig. 1
Approved Storage Carton

Micrographics media (microfilm, microfiche) and electronic media (tapes, diskettes) can be boxed in special containers. Call your Department Records Coordinator to arrange for special records storage containers and forms.

Packing Cartons

When packing records into approved storage containers, please follow these simple guidelines:

- Group similar records into a carton by record class code and date range – This facilitates accurate destruction reporting and processing.
- Choose a logical system of organization – Pack files into a carton in a logical sequence, such as by product type, line of business, customer number, associate name, etc., if possible, either numerically, alphabetically, or in date order.
- Letter sized documents – Pack files in the same direction and facing the end of the carton to be labeled (this is the *Info Panel* located on one of the handholds sides).
- Legal sized documents – Files should be packed facing in the same direction toward the long side of the carton.
- Don't over pack the carton – Pack cartons to a maximum 90% capacity, leaving about an inch and a half of free space behind the last file. This will make it easier to retrieve files and will give you room for future interfiles. Also, a carton that's too densely packed will be too heavy for you to comfortably lift.
- Don't under pack the carton – Files in cartons that are packed at less than 90% capacity may not remain organized, and the carton could collapse under the weight of other cartons once shelved at Iron Mountain. If a carton cannot be packed to capacity, consider combining those files with files in another carton, keep the files in-house until you have an entire carton's worth, or fill the empty space with waste paper.



Fig.2
Example of
Packing a Carton



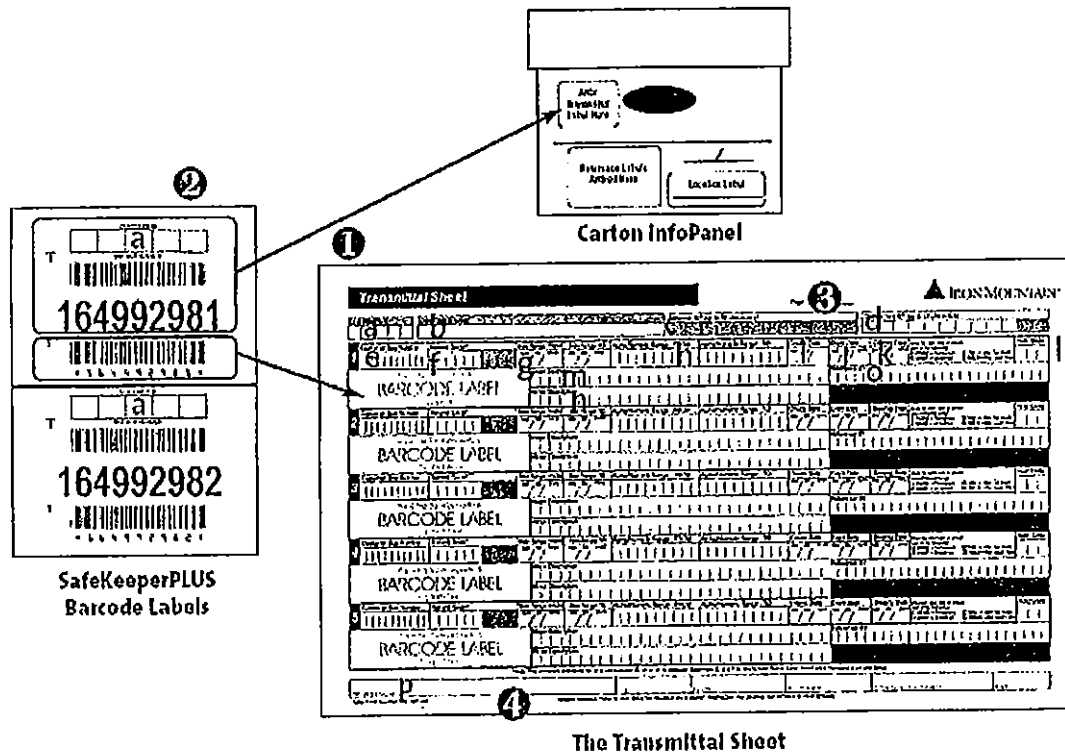
Fig. 3
Example of
Wastepaper Fill

8.5.2 Describing Records Using the Records Transmittal Sheet, Form or On-Line Transmittal Form

Hovnanian Enterprises Inc.'s records inventory is maintained and tracked in Iron Mountain's records management system called IRONMOUNTAINConnect™. Data on the Records Transmittal Sheet is entered into the IRONMOUNTAINConnect™ database. (See also *File Level Indexing* below.) This sheet is used to identify the contents and ownership of cartons sent to storage, and is the source document from which information is recorded in the IRONMOUNTAINConnect™ database. The barcode number attached to the sheet and the corresponding barcode label on the carton become a carton's unique identifier for requesting and tracking purposes. IRONMOUNTAINConnect™ is the primary tracking system for inactive

records. Separate databases are not recommended, but existing departmental inventories can be used as a secondary tracking system. Clearly and logically describing carton contents will enable ready identification and access to records. (See also *File Level Indexing*.)

Note: Make a copy of the completed Records Transmittal Sheet for your records.



8.5.3 Completing the Transmittal Sheet and Barcode Label

- 1) One (or more if needed) Transmittal Sheet must accompany each shipment of new cartons sent to Iron Mountain. Enter the correct information in the areas indicated, clearly and legibly printing all information. Begin all entries from the left side of each field except where noted. Please note that **IRONMOUNTAINConnect™** does not recognize leading zeros in the **DIVISION ID**, **DEPARTMENT ID**, and **RECORD CODE** fields. For example, in **IRONMOUNTAINConnect™** Department 0001234 would be recognized as Department 1234.
 - a) Print your **CUSTOMER ID** on both the Records Transmittal Sheet and large peel-off "T Label". See your Department Records Coordinator for information on the Customer ID for your area.
 - b) Print your **CUSTOMER NAME** (Hovnanian Enterprises Inc.) in the space provided at the top of the sheet.

- c) **DIVISION ID:** Using up to 12 alphanumeric characters print the Division ID of the department that owns the records. **Note:** Only customers specifically set up to use Divisions should utilize the Division ID field.
- d) **DEPARTMENT ID:** Print the Department ID of the new cartons, using up to 10 alphanumeric characters. **Note:** Only customers specifically set up to use extended Department IDs should use the last two characters (shaded positions).
- e) **CUSTOMER BOX NUMBER:** Only complete this field if your department has an established numbering system that needs to be maintained. Otherwise, the Iron Mountain barcode number will serve as the carton identifier (not a required field).
- f) **RECORD CODE:** Enter the Record Class Code from the Records Retention Schedule.
 - i) **Example:** LAD110 for cartons containing "Go/No Go Records"
 - ii) **Example:** LEO120 for cartons containing "Contracts and Agreements - Land Purchase and Sale"
 - iii) **Example:** TSY110 for cartons containing "Banking – Cancelled Checks and Registers"

Please contact the Records Administrator or your Department Records Coordinator for assistance in classifying records. If the Records Retention Schedule does not accommodate your record type, please coordinate with the Records Administrator or your Department Records Coordinator to request modification of the next publication of the Records Retention Schedule.

- g) **DATE RANGE FROM:** The oldest date of records contained in the carton.
DATE RANGE TO: The most recent date of records contained in the carton.
Destruction eligibility is calculated using the Date Range, To Date, and the Record Code, therefore, **DO NOT** enter a destruction date. *This is required even if the files will later be indexed at the file level.*
- h) **ALPHA FROM:** Enter the beginning alphabetical/numeric range of the records contained in the carton.
ALPHA THRU: Enter the ending alphabetical/numeric range of records contained in the carton.
The "from" and "thru" alphabetical/numeric range fields can be used to describe a name range (Jones through Smith), a numeric file sequence (20450 through 20576) or an alphanumeric file range (AD123 through BZ784). This is required even if the files will later be indexed at the file level.
- i) **CREATE DATE:** The date the materials were packaged and labeled for storage.
- j) **EVENT DATE:** If using Event Date Retention, enter the Close Date of the event making up the contents of the box.
- k) **DESTROY DATE:** Do not complete this field. The Destruction Review Date will be calculated by Iron Mountain's *IRONMOUNTAINConnect™* system according to the Hovnanian Enterprises Inc. Records Retention Schedule.
- l) **HOLD CODE:** There are Hovnanian Enterprises Inc. specific retention hold codes, to be used in specific situations. Contact the Corporate Records Administrator for more information.
- m) **MAJOR DESCRIPTION:** Identify the main description of the carton contents. This should correlate with the Record Class Name. Be as descriptive as possible.

- i) **Example:** Office Services Contracts Expired FY2001
- ii) **Example:** Terminated Associates FY2001
- iii) **Example:** Customer Orders FY2001

In the event that your records are such that they cannot be described in the space provided in this field and the **MINOR DESCRIPTION** field of the label, the carton may require a file level inventory. (Contact the Department Records Coordinator for help.)

- n) **MINOR DESCRIPTION:** Identify any additional description you wish to associate with the carton. This is a continuation of the **MAJOR DESCRIPTION** field above. If additional titling space is required, attach a separate sheet to the Transmittal Sheet with the extended description.
 - i) **Example:** Janitorial and Landscaping Services
 - ii) **Example:** Sales Associates Adams – Grant
 - iii) **Example:** Fax Orders Jan – June
 - o) **REFERENCE #1:** This miscellaneous, alphanumeric field may be used for additional cross-reference information about the carton.
 - p) Print **YOUR NAME, TODAY'S DATE, DEPARTMENT, and YOUR TELEPHONE NUMBER** in the spaces provided at the bottom of the sheet.
- 2) Affix one large barcode label onto the *Info Panel* or narrow end of the storage carton, and affix the identically numbered, much smaller barcode label onto the Transmittal Sheet.



Fig. 4

Affixing the Barcode
Label to the Carton

- 3) Once you have completed all of the Transmittal Sheets for the group of cartons you are sending, count the total number of sheets and place this total on all of the sheets. (Sheet 1 of 5, etc.)
- 4) Place the original Transmittal Sheets in an envelope labeled Iron Mountain and attach it to the boxes. Be sure to include a photocopy of the Transmittal Sheets in each carton and retain a copy for your records.

1 **Iron Mountain Transmittal Form**

a. 321125699

b. a

c. 321125699

d. 321125699

e. 321125699

f. 321125699

g. 321125699

h. 321125699

i. 321125699

j. 321125699

k. 321125699

l. 321125699

m. 321125699

n. 321125699

o. 321125699

p. 321125699

2

3

The Transmittal Form

8.5.4 Completing the Transmittal Form and Barcode Label

- 1) One Transmittal Form must accompany each new carton sent to Iron Mountain. Enter the correct information in the areas indicated, clearly and legibly printing all information. Begin all entries from the left side of each field except where noted. Please note that **IRONMOUNTAINConnect™** does not recognize leading zeros in the **DIVISION ID**, **DEPARTMENT ID**, and **RECORD CODE** fields. For example, in **IRONMOUNTAINConnect™** Department 0001234 would be recognized as Department 1234.
 - a) **CUSTOMER ID:** Enter your four or five digit Customer ID on both the Records Transmittal Form and large peel-off barcode. Please see your Department Records Coordinator if you do not know your Customer ID.
 - b) **CUSTOMER NAME:** Enter Hovnanian Enterprises Inc. in the Customer Name space provided at the top of the form.
 - c) **DIVISION ID:** Using up to 12 alphanumeric characters print the Division ID of the department that owns the records. Note: Only customers specifically set up to use Divisions should utilize the Division ID field.
 - d) **DEPARTMENT ID:** Enter the number or letters that represents your department. These codes have been preset in the records management system; your entry will be validated against them.
 - e) **CUSTOMER BOX NUMBER:** Only complete this field if your department has an established numbering system that needs to be maintained. Otherwise, the Iron Mountain barcode number will serve as the carton identifier.
 - f) **RECORD CODE:** Enter the Record Class Code from the Records Retention Schedule.
 - i) Example: LAD110 for cartons containing "Go/No Go Records"

ii) **Example:** LEO120 for cartons containing "Contracts and Agreements - Land Purchase and Sale"

iii) **Example:** TSY110 for cartons containing "Banking – Cancelled Checks and Registers"

Please contact your Department Records Coordinator for assistance in classifying records. If the Records Retention Schedule does not accommodate your record type, please coordinate with the Department Records Coordinator to request modification of the next publication of the Records Retention Schedule.

g) **FROM DATE:** The oldest date of records contained in the carton.

TO DATE: The most recent date of records contained in the carton. *Note: Destruction eligibility is calculated using the To Date and the Record Code. THIS IS A REQUIRED FIELD.*

h) **ALPHA FROM:** Enter the beginning alphabetical/numeric range of the records contained in the carton.

ALPHA THRU: Enter the ending alphanumeric range of records in the carton.

The from and thru alphanumeric range fields can be used to describe a name range (Jones through Smith), a numeric file sequence (20450 through 20576) or an alphanumeric file range (AD123 through BZ784).

i) **CREATE DATE:** The date the materials were packaged and labeled for storage.

j) **EVENT DATE:** If using Event Date Retention, enter the Close Date of the event making up the contents of the box.

k) **DESTROY DATE:** **DO NOT** complete this field. The Destroy Date will be calculated by the Iron Mountain IRONMOUNTAINConnect™ system according to the Hovnanian Enterprises Inc. Records Retention Schedule.

l) **HOLD CODE:** There are Hovnanian Enterprises Inc. specific retention hold codes, to be used in specific situations. Contact the Corporate Records Administrator for more information.

m) **MAJOR DESCRIPTION:** Identify the main description of the carton contents. This should correlate with the Record Class Name. Be as descriptive as possible.

i) **Example:** Office Services Contracts Expired FY2004

ii) **Example:** Terminated Associates FY2004

iii) **Example:** Customer Orders FY2004

In the event that your records are such that they cannot be described in the space provided in this field and the **MINOR DESCRIPTION** field of the label, the carton may require a file level inventory. (Contact the Department Records Coordinator for help.)

n) **MINOR DESCRIPTION:** Identify any additional description you wish to associate with the carton. This is a continuation of the **MAJOR DESCRIPTION** field above. If additional titling space is required, attach a separate sheet to the Transmittal Sheet with the extended description.

- o) **REFERENCE #1:** This miscellaneous, alphanumeric field may be used for additional cross-reference information about the carton.
 - p) Print **YOUR NAME, TODAY'S DATE, DEPARTMENT ID, and YOUR TELEPHONE NUMBER** in the spaces provided at the bottom of the form.
- 2) Affix the large barcode label to the *Info Panel* or narrow side of the storage carton. Make sure your Customer ID is properly displayed on the label.

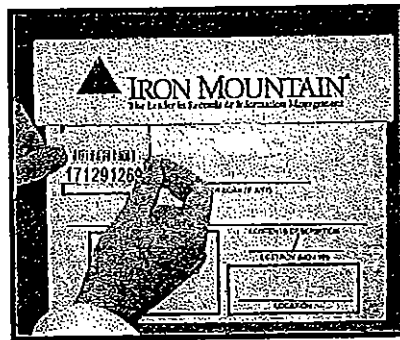


Fig. 4

Affixing the Barcode
Label to the Carton

- 3) The form is multi part so place one copy of the Transmittal Form in the carton, retain one copy for your records and place the remaining copies in an envelope labeled Iron Mountain and attach it to the boxes.

Add New Box/File	Add New Box/File allows you to create metadata about your box and file records. Fields marked with an asterisk (*) are required. If you customize the page, be sure to save your changes before exiting. <u>Customize the layout of this page.</u>	
	<div>Customer: IMCSG [IRON MOUNTAIN CORPORATE] Lookup</div> <div>Data Format: <input type="text" value="Box"/></div> <div>Last record added: Records Added: 0</div> <div>SKP Box Number*: Lock <input type="text"/></div> <div>Customer Box Number: Lock <input type="text"/></div> <div>Division Id*: Lock <input type="text"/> MASTER DIVISION lookup</div> <div>Department Id*: Lock <input type="text"/> lookup</div> <div>Record Code*: Lock <input type="text"/> lookup</div> <div>Hold Code: Lock <input type="text"/> lookup</div> <div>Major Description*: Lock <input type="text"/></div> <div>Minor Description: Lock <input type="text"/></div> <div>Alpha From: Lock <input type="text"/></div> <div>Alpha To: Lock <input type="text"/></div> <div>From Date*: Lock <input type="text"/> <input type="text"/> <input type="text"/> (MM/DD/YYYY)</div> <div>To Date*: Lock <input type="text"/> <input type="text"/> <input type="text"/> (MM/DD/YYYY)</div> <div>Event Date: Lock <input type="text"/> <input type="text"/> <input type="text"/> (MM/DD/YYYY)</div> <div>Long Description: Lock <input type="text"/></div>	

8.5.5 Completing the Online Transmittal Form

- 1) Authorized IRONMOUNTAINConnect™ users can complete an Online Transmittal Form for each new carton sent to Iron Mountain. Enter the appropriate information into the required fields, being as clear and specific as possible. Please note that IRONMOUNTAINConnect™ does not recognize leading zeros in the DIVISION ID, DEPARTMENT ID, and RECORD CODE fields. For example, in IRONMOUNTAINConnect™ Department 0001234 would be recognized as Department 1234.
 - a) **CUSTOMER ID:** This field should be populated with your four or five digit Customer ID. Please contact the Department Records Coordinator if you do not know this information. Enter this same ID on the peel-off "T Label" to be affixed to the carton.
 - b) **DATA FORMAT:** Select the data format for the new item from the drop-down list. This allows the system to identify the type of information that the user would like to add.
 - c) **SKP BOX NUMBER:** Enter the barcode number from the peel-off "T Label" provided by Iron Mountain.
 - d) **CUSTOMER BOX NUMBER:** Only complete this field if your department has an established numbering system that needs to be maintained. Otherwise, the Iron Mountain barcode number will serve as the carton identifier.
 - e) **DIVISION ID:** Using up to 12 alphanumeric characters print the Division ID of the department that owns the records. **Note:** Only customers specifically set up to use Divisions should utilize the Division ID field.

- f) **DEPARTMENT ID:** Enter the number or letters that represent your department. These codes have been preset in the records management system; your entry will be validated against them.
 - g) **RECORD CODE:** Enter the Record Class Code from the Records Retention Schedule.
 - i) **Example:** LAD110 for cartons containing "Go/No Go Records"
 - ii) **Example:** LEO120 for cartons containing "Contracts and Agreements - Land Purchase and Sale"
 - iii) **Example:** TSY110 for cartons containing "Banking – Cancelled Checks and Registers"

Please contact your Department Records Coordinator for assistance in classifying records. If the Records Retention Schedule does not accommodate your record type, please coordinate with the Department Records Coordinator to request modification of the next publication of the Records Retention Schedule.
 - h) **HOLD CODE:** Hovnanian Enterprises Inc. may define codes that override the retention schedule for a box, postponing its destruction until further review. Contact the Corporate Records Administrator for more information.
 - i) **MAJOR DESCRIPTION:** Identify the main description of the carton contents. This should correlate with the Record Class Name. Be as descriptive as possible.
 - iv) **Example:** Office Services Contracts - Expired FY2004
 - v) **Example:** Terminated Associates FY2004
 - vi) **Example:** Customer Orders FY2004

In the event that your records are such that they cannot be described in the space provided in this field and the **MINOR DESCRIPTION** field, you may use the **LONG DESCRIPTION** field for a file level inventory. (Contact the Department Records Coordinator for help.)
 - j) **MINOR DESCRIPTION:** Identify any additional description you wish to associate with the carton. This is a continuation of the **MAJOR DESCRIPTION** field above. If additional titling space is required, you may use the **LONG DESCRIPTION** field.
 - k) **ALPHA FROM:** Enter the beginning alphabetical/numeric range of the records contained in the carton. The "from" and "to" alphanumeric range fields can be used to describe a name range (Jones through Smith), a numeric file sequence (20450 through 20576), or an alphanumeric file range (AD123 through BZ784).
 - l) **ALPHA TO:** Enter the ending alphanumeric range of records in the carton.
 - m) **FROM DATE:** The oldest date of records contained in the carton.
 - n) **TO DATE:** The most recent date of records contained in the carton. *Note: Destruction eligibility is calculated using the To Date and the Record Code.*
 - o) **EVENT DATE:** If using Event Date Retention, enter the Close Date of the event making up the contents of the box.
 - p) **LONG DESCRIPTION:** Enter further detail regarding box content if needed.
- 2) Affix the barcode label to the *InfoPanel* or narrow side of the storage carton. Make sure your Customer ID is properly displayed on the label.

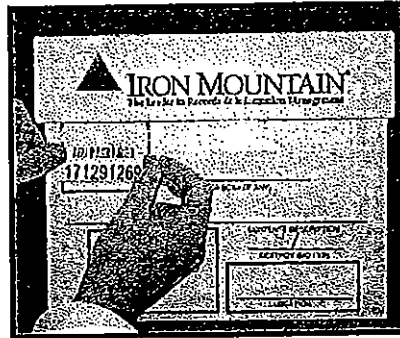


Fig. 4

Affixing the Barcode
Label to the Carton

- 3) Once a user has entered any files or boxes to the Record Center through the IRONMOUNTAINConnect™ system, it will be important to complete any other paperwork, such as the Transmittal Form, to prepare to physically send your information to Iron Mountain. (See 8.5.11, *Order Placement Methods*.)

8.5.6 File Level Indexing

In some instances a description of the records at the “carton” level is not sufficient and, additionally, identification and description of each file within the carton is required. Typically the criteria that warrant file-level identification are:

- Highly active files, requiring a high degree of access
- “Case” files, in which each file folder refers to a person, project, case, or event and the file inventorying and storage process does not lend itself to describing the files by the use of “ranges” at the carton level

Should you be interested in using File Level Indexing, please contact your Department Records Coordinator. Iron Mountain provides file-level inventory identification and indexing for each folder in the carton in addition to identifying and tracking items at the carton level, which is why all information on the Transmittal Sheet is required.

If a department expects to retrieve records before the file-level indexing is completed, they may maintain a detailed list of records in each carton until the IRONMOUNTAINConnect™ indexing is available.

8.5.7 Sending New Cartons to Off-Site Storage

Once you have packed and labeled all new cartons, contact your Department Records Coordinator to set up a pickup and send all Records Transmittal Forms or Sheets to the Department Records Coordinator, who will arrange for pickup. Iron Mountain, upon receipt, will cross-reference Records Transmittal Forms or Sheets to cartons and notify you of any discrepancies.

To request a **PICKUP**, the Department Records Coordinator will need to provide:

- The type of material to be picked up: New Cartons, Entire Carton Refiles, Individual File Refiles, Interfiles, or Tapes/Vital Records.

- The exact QUANTITY and SIZE of the cartons so that an appropriately sized vehicle can be dispatched.
- Any SPECIAL INSTRUCTIONS or restrictions regarding the pickup

8.5.8 Returning Previously Retrieved Cartons to Storage

Once you are ready to return your retrieved cartons to Iron Mountain call or e-mail a request to your Department Records Coordinator. Provide the following information to your Department Records Coordinator so that a pick-up order can be placed to Iron Mountain.

- The type of material to be picked up: Entire Carton Refiles, Individual File Refiles, Interfiles, or Tapes/Vital Records.
- The exact QUANTITY and SIZE of the cartons so that an appropriately sized vehicle can be dispatched.
- Any SPECIAL INSTRUCTIONS or restrictions regarding the pickup

8.5.9 Interfiles

Interfiles are new files or documents that must be inserted into cartons already stored. When sending an interfile, please contact your Department Records Coordinator for interfile labels and instructions. Interfile labels will need to be completed and returned to Iron Mountain with the interfile request.

8.5.10 Retrieving Off-Site Records

Retrievals are items that you wish to have temporarily returned to you from storage at Iron Mountain. After consulting with the Department Records Coordinator, an inventory report or *IRONMOUNTAINConnect*[™], you can request either a carton or a specific file within the carton to be returned to you. Access to inventory reports is provided by your Department Records Coordinator.

8.5.11 Order Placement Methods

Once you have determined the carton(s) that you need returned from storage or have cartons ready for pickup the Department Records Coordinator may use any of the following four methods to place the order:

- **Via the INTERNET:** Access www.IronMountainConnect.com, Iron Mountain's online records management system, or visit Iron Mountain's Web site at www.ironmountain.com. Contact your Iron Mountain Account Manager for more information about this service.
- **Via TELEPHONE:** Simply call Iron Mountain Customer Service at 1-800-FASTFILE. A fully trained representative will take your order and confirm all of the information about your request, immediately and courteously.
- **Via E-MAIL:** Simply address your order to Iron Mountain's e-mail address, order@imrm.com. Be sure to include all of the pertinent inventory and transportation information as you would for a phone or fax order.
NOTE: E-mail transmission through the Internet may be delayed by several hours.
- **Via FAX:** Simply complete and transmit the Iron Mountain Fax Order Form.

8.5.12 Retrieval Delivery Schedule

Retrieval delivery services available are:

- **Same Business Day:** Retrievals called in by 11:00 AM will be delivered that business day by 5:00 PM.
- **Next Business Day:** Retrievals called in by 3:00 PM will be delivered by 5:00 PM the next business day.
- **Rush and After Hours:** Retrievals by request and will be delivered within three (3) hours.

Although records are available 24 hours a day, seven days a week, routine requests should utilize the standard *next business day* response. Please note that your department will incur additional charges for Rush and after hour trips. See your Department Records Coordinator for the details of these charges.

9.0 Access and Security

All associates are responsible for protecting the confidentiality of Hovnanian Enterprises Inc.'s records, maintaining the confidentiality of customers' personal information, and preventing unauthorized disclosure to third parties (i.e., persons both inside and outside Hovnanian Enterprises Inc. without a need to know).

Individual associate access to records is limited to designated personnel for their own department, unless necessary to conduct authorized and approved business in accordance with Hovnanian Enterprises Inc.'s established practices and procedures.

Only designated Department Records Coordinators may request records from Iron Mountain. All other access to off-site storage, including online access to the IRONMOUNTAINConnect™ inventory system, is coordinated through the Corporate Records Administrator.

The Legal and Audit Services departments have global access to all departmental records for litigation and audit support, through the Corporate Records Administrator.

Retrieval of records from Iron Mountain to a location other than Hovnanian Enterprises Inc. facilities must be approved by the Department Manager and coordinated through the Corporate Records Administrator.

In order to secure the records of Hovnanian Enterprises Inc., and ensure that confidential information is protected these steps must be followed at the end of each day:

- Active records must be kept in storage appropriate to its classification. Records classified as sensitive for commercial, operational, or personal reasons must be secured in a locked file cabinet or room with controlled access.
- Records stored electronically should be protected on network drives that are secured with access passwords.
- All desks and surrounding areas must be clear of working papers.
- Any papers, files, printouts, floppy disks, or CD ROMs containing customer information or any sensitive internal information must be locked away.
- All PCs must be logged off and all Internet connections shut down.
- All whiteboards and flip charts must be cleared of any confidential information.

10.0 Records Destruction

Upon expiration of a record's required retention period, all records should be approved for destruction unless there is a legitimate business reason to postpone that destruction. (See Retention Holds and Historical Records below.) Destruction should take place systematically, following approved procedures.

10.1 Destruction Review Procedures

Semi-Annually, the Records Coordinators in conjunction with the Corporate Records Administrator will notify Iron Mountain and request a Destruction Eligibility Report for their department. To request this report the Department Records Coordinator will determine the criteria (date ranges and record class codes) to be used to generate the report. The Department Records Coordinator will sign and send a letter to the Iron Mountain Data Entry department at the local Iron Mountain District, noting the criteria and ranges to be used to create the report.

The Department Records Coordinator will receive the report listing cartons stored at Iron Mountain that are eligible for destruction. The report will be reviewed in two stages to confirm that the listed cartons are in fact ready to be destroyed. The first stage will identify any records that are still needed to support ongoing business operations. The second stage will identify any records that need to be held due to current or pending litigation, incomplete audits, or other special circumstances. The Department Manager will conduct the first review, and the Corporate Records Administrator will conduct the second. Approval is required from both to proceed with record destruction or record holds.

Departments will have 15 business days from date of receipt to review and return the Destruction Eligibility Report to the Corporate Records Administrator. A reminder will be issued after 10 business days that the deadline is approaching. On the 20th business day a letter of non-compliance will be issued to any departments that have not returned the report, and departmental consent to the Destruction Eligibility Report will be implied.

The Legal Department will have 10 days to conduct the final review and return the approved Destruction Eligibility Report to the Corporate Records Administrator. If there are exceptions to the Destruction Eligibility Report (see Retention Holds), the Legal Department will note the exceptions and send the annotated report to the Corporate Records Administrator. Upon receipt of the Destruction Eligibility Report from the Legal Department, the Department Records Coordinator will initiate the destruction of eligible records.

The Corporate Records Administrator will need to request a separate report from Iron Mountain that will provide a listing of all cartons with a retention period of "indefinite." Records having a retention period of "Indefinite" will need to be reviewed periodically to determine if they have surpassed their useful legal and business life. In order to ensure that these records are not destroyed prematurely, the Corporate Records Administrator will refer to the Legal Group Index for assistance in determining the legal requirements of the records and to aid in disposition decisions. Once the Corporate Records Administrator has determined that some of these records are eligible for destruction, the normal destruction review process outlined above will be followed to approve the destruction of these records.

10.2 Verification of Records for Disposal

Verification of the records you have selected for disposal is a two-step process.

The Preliminary Destruction Report

Upon receipt of your disposal request(s), Iron Mountain creates a disposal order for each method selected, from which a Preliminary Destruction Report(s) is generated and automatically sent to Hovnanian Enterprises Inc.. After carefully reviewing this report, the Corporate Records Administrator will indicate the appropriate disposal method for each carton – destruction or shredding, sign in the designated area, and return the Report to Iron Mountain Data Entry at the Iron Mountain address clearly shown on the cover letter that accompanies the Preliminary Destruction Report so that the disposal order may be processed.

If the Preliminary Destruction Report needs to be changed, the Corporate Records Administrator will proceed as follows:

For items that should NOT be disposed of:

- With a single pen line, cross out the particular line.
- Highlight the entire line as well.
- Note the Barcode Number in your cover letter, addressed to Iron Mountain Data Entry.

For items that should be ADDED to the list for disposal:

1. Write the Barcode Number on the last page of the report.
2. Highlight these newly listed items.
3. Indicate the disposal method for each additional carton – destruction or shredding.
4. Note the Barcode Number, as well as the disposal method for each carton, in your cover letter addressed to Iron Mountain Data Entry.

NOTE: Iron Mountain will not dispose of your inventory without the express written permission of the Corporate Records Administrator to do so.

The Final Destruction Report

After Iron Mountain receives Hovnanian Enterprises Inc.'s signed Preliminary Destruction Report, and the disposal order has been processed, a Final Destruction Report is automatically generated and sent to Hovnanian Enterprises Inc. to verify that the disposal of your records, as you requested, has been completed.

As a part of the disposal process, Iron Mountain maintains a record of the carton, changes the status of the item to 'DST' [Destroyed], and creates a history record for the item which captures the Date of Destruction, the Order Number, Division ID and Department ID of the Division/Department who requested the disposal (if applicable), as well as the Contact person for the disposal order.

The status of 'DSO' [Destroyed While Out carded] is an acknowledgment that the carton or file was authorized for disposal but was out carded at the time the disposal order was processed. Therefore, Iron Mountain can only verify the removal of the item from inventory but not its physical disposal. These out carded items, not in Iron Mountain's possession at the time the disposal order was created, are labeled with a 'DSO' status on both the Preliminary and Final Destruction Reports.

If the status of an inventory item has changed between the time Hovnanian Enterprises Inc. originally requested that the item be disposed of and the time the disposal order was processed (after signing the Preliminary Destruction Report), then a Status Change To Records On The Destruction Order Report is also included for your information. This may occur if a carton that is listed on the Preliminary Destruction Report was subsequently retrieved from storage.

10.3 Approved Destruction Methods

Records marked for destruction should be evaluated to determine the appropriate method of disposal, such as recycling or confidential destruction. Records containing confidential company information, as well as nonpublic personal information of associates and customers, must be destroyed in a manner that renders them inaccessible and unreadable.

Paper records should be shredded, pulped, incinerated, crushed or destroyed by other secure methods approved by the Corporate Records Administrator.

Electronic records, including back-ups, must be reformatted or rewritten based on Hovnanian Enterprises Inc. Information Technology guidelines.

Hovnanian Enterprises Inc.'s approved method of destruction is: *Shredding*, which is the removal and shredding of Hovnanian Enterprises Inc. identified records by Iron Mountain, or by an Iron Mountain-certified secure shredding partner. Records are disposed of via supervised shredding, thereby rendering those materials beyond reconstruction. Upon completion, a Certificate of Final Disposition is provided to Hovnanian Enterprises Inc.

10.4 Destruction Certification

The Corporate Records Administrator will maintain the Final Destruction Listing Report (commonly called a Destruction Confirmation) from Iron Mountain. This report will list the box numbers, date the boxes were destroyed, and who authorized the destruction.

11.0 Suspension of the Records Retention Schedule

Records that are subject to litigation, government investigation, or audit cannot be destroyed even when permitted by the Hovnanian Enterprises Inc. Records Retention Schedule. In order to prevent these records from inadvertently being destroyed, a system of "holds" will be assigned to records subject to these legal constraints. These holds will facilitate the suspension of the Records Retention Schedule.

11.1 Identification of Retention Holds

The Legal, Tax, and Audit Services departments will notify the Corporate Records Administrator of pending matters and describe the types of records that may be affected. The Corporate Records Administrator will circulate this information to the Department Records Coordinators, who will determine which records fall within the context of each matter. A recommended listing of holds will then be provided to the Corporate Records Administrator. The Corporate Records Administrator will then communicate with the Legal, Tax, and Audit Services Departments to verify that the appropriate types of records were subject to the hold. Upon approval, the Corporate Records Administrator will inform the Department Records Coordinators to place the appropriate hold on the records and note the reason. The reasons may be a case number, government agency, or other matter.

11.2 Application of Retention Holds

Whenever possible, holds should be applied systematically using electronic means. In the case of inactive records, this may mean utilizing Iron Mountain's records management inventory system (IRONMOUNTAINConnect™), which has the capability to apply retention holds to selected records. Similar methods will be used in electronic inventory systems, e-mail facilities, file servers, and back-up tapes throughout Hovnanian Enterprises Inc.. The Legal, Tax, Audit Services, and Regulatory Compliance Departments or the Corporate Records Administrator are the only groups authorized to place records on hold. Notification will also be sent to the General Counsel or Legal Department. No records subject to a hold will be considered for destruction until the hold is removed. For this reason, no record subject to a hold should appear on any report or listing of records to be considered for destruction review and approval.

The process of applying retention holds will be periodically reviewed and tested to ensure it is effective in these situations.

11.3 Removal of Retention Holds

Retention holds are not to be used to designate records as "permanent" or to permanently deviate from the Hovnanian Enterprises Inc. Records Retention Schedule. Holds are to be "lifted" or rescinded after the requirements of the special circumstances have been fulfilled.

The Legal Department, Audit Services Department, or the Corporate Records Administrator will review the hold and, if appropriate, promptly notify the Corporate Records Administrator when a hold can be released. The Corporate Records Administrator, with the approval of the Company's General Counsel or Legal Department will then notify the appropriate Department Records Coordinator to release the hold from the records. The records will then be processed for destruction at the next destruction review date if the records retention period has ended.

The Corporate Records Administrator will perform a periodic review of the records under retention holds to ensure that the retention hold is still appropriate. The process of reviewing and

removing retention holds will be documented to demonstrate that appropriate approval was received for the removal of holds.

12.0 Hovnanian Enterprises Inc. Historical Records

All records deemed worthy of permanent preservation for historical reasons, irrespective of their format are considered *Historical Records* and must pass to Hovnanian Enterprises Inc. Archives when they reach the inactive phase of their lifecycle. Historical records are typically those records that document Hovnanian Enterprises Inc.'s past, its development, significant events, and key players.

Hovnanian Enterprises Inc.'s Corporate Records Administrator will review the Hovnanian Enterprises Inc. Records Retention Schedule in order to identify record classes that contain historical records so that Department Managers may identify those records that should pass to Hovnanian Enterprises Inc. Archives at the end of their designated life.

It is the responsibility of the Department Manager to notify the Corporate Records Administrator in the event that additional potential historical documents (i.e., in addition to those indicated on the Records Retention Schedule) have been identified within the Department. The Corporate Records Administrator will review the records to determine which records should ultimately be archived.

Ownership and physical custody of records designated as archival should pass to Hovnanian Enterprises Inc. Archives where they are held in preservation conditions. Access is allowed in line with any instructions from the depositing area and in accordance with Hovnanian Enterprises Inc. restrictions.

Records must be transferred to Hovnanian Enterprises Inc. Archives using the indexing form provided by the Corporate Records Administrator. The use of this form ensures that sufficient supporting contextual information is captured so that the records can be understood and accessed in the future.

Certain electronic records may, for technical reasons, be more appropriately archived by the creating department in a manner agreed with and documented by the Corporate Records Administrator.

13.0 Vital Records Protection

Vital records are those records without which Hovnanian Enterprises Inc. could not function. Departments must comply with Hovnanian Enterprises Inc.'s policy for the identification and protection of vital records. Vital Records are used to re-establish the organization's functions after an emergency or disaster, and to establish and protect the rights and interests of the organization and its clients.

Most vital records are in electronic format and are thus protected via routine system back-up and tape rotation programs. As a result, this part of the procedures manual addresses that very small portion of hardcopy vital records that are not included within the routine disaster recovery processes already in place. The Corporate Records Administrator, Legal, Department Managers, Department Records Coordinators are required to take the following steps to protect vital records:

- Identify hardcopy vital records and their locations
- Develop a schedule for the periodic review of the vital records list
- Implement appropriate preservation measures for each type of vital record
- Provide training for associates regarding vital records protection
- Conduct periodic audits of vital records protection measures
- Sign-off that the above has been completed (Department Managers only)

14.0 Document Imaging

Due to the volume of records that Hovnanian Enterprises Inc. is required to retain, it is recognized that Business Units may wish to take advantage of imaging/document management technologies. The imaging of Hovnanian Enterprises Inc. records is permitted subject to the approval of the Corporate Records Administrator. In order to gain approval the following research should be conducted and presented to the Corporate Records Administrator.

14.1 Document Imaging Analysis

Business units contemplating implementing an imaging system must justify to Information Technology and the Corporate Records Administrator in writing why they would benefit from imaging or document management technologies. In order to comply with current policy and establish appropriate controls for ensuring authenticity, security, and reliability the analysis will need to cover the following topics:

14.1.1 Destruction of Originals

Business units should approach with extreme caution the destruction of original documents following conversion to digital images. Business units that intend to destroy original documents should seek out the guidance of Hovnanian Enterprises Inc. Legal to develop an appropriate plan.

14.1.2 Cost Effectiveness

Scanning documents and storing them as digital images may be more costly than retaining the documents in paper form. The added costs of document imaging are often best justified when:

- Fast retrieval of documents is required either from a remote location or from multiple locations simultaneously.
- Workflow processes can be established in conjunction with the imaging system to enforce procedures, prevent lost documents, and provide verification of proper and timely processing.
- The source documents are too voluminous or cumbersome for everyday use. In such cases, the originals may be scanned and sent to secure storage, while the images are used as the "working" versions.
- The source documents are irreplaceable or too valuable to be subjected to everyday use. In other words, scanning the documents is a vital records protection strategy. Again, in such cases, the originals may be scanned and sent to secure storage, while the images are used as the "working" versions.

As a result, Business Units contemplating implementing document imaging must conduct a cost analysis. This analysis should compare the costs associated with scanning the documents and storing them in digital format versus storing them in hardcopy form. Business Units must justify any additional expenses associated with document imaging.

14.1.3 Compatibility

Business Units planning to implement document imaging must seek the advice of the Hovnanian Enterprises Inc. Information Technology department to ensure that the proposed system is compatible and consistent with Hovnanian Enterprises Inc.'s overall technology strategy.

14.1.4 Personal Information Protection

Business Units planning to implement document imaging must seek the advice of Legal and Information Technology to ensure that the proposed system has adequate controls in place to secure the system from third-party interference and protect personally identifiable information in compliance with Hovnanian Enterprises Inc.'s confidentiality policy.

14.1.5 Application of the Records Retention Schedule

As recordkeeping systems, all imaging/document management systems must comply with the requirements of the Records Retention Policy. As a result, such systems must be configured to support the retention and deletion of images/documents in compliance with the Hovnanian Enterprises Inc. Records Retention Schedule. This includes:

Record Class Codes: Systems must have components in place to support the classification of images/documents using approved record class codes from the Hovnanian Enterprises Inc. Records Retention Schedule.

Retention Event Dates: Systems must have components in place that support the capture of a date on which the retention period for each image/document is to commence. In many cases this will be the date on which the image/document was imported into the system. In other cases it will be the date of a particular event (e.g., for personnel records the retention event date may be defined as the associate termination date). Appropriate events for each record class are defined in the Hovnanian Enterprises Inc. Records Retention Schedule.

Calculation of Retention Periods: Systems must use the record class code and the retention event date to automatically calculate the date on which each image/document is eligible for destruction review.

Destruction: Systems must support the purging of images/documents that have reached their expiration date per the Hovnanian Enterprises Inc. Records Retention Schedule and which have been authorized for destruction (i.e., no holds are in place). All images/documents must be purged beyond any ability to reconstruct them. Records destruction should be carried out in a way that preserves the confidentiality of any information they contain. A record of the destruction event and all relevant authorizations should be retained.

Holds: In the event of a known or anticipated legal action (including audit, litigation or investigation), systems must support the ability to suspend (hold) from destruction all images/documents related to the matter regardless of their status with respect to the Hovnanian Enterprises Inc. Records Retention Schedule. Systems must support the ability to lift holds when relevant legal matters have been settled.

Preservation: At all times images/document stored in digital form must be accessible, retrievable, and viewable. Business units must plan for changes in operating systems, application software, hardware, and file formats to ensure the preservation of images/documents.

System Retirement: When an imaging/document management system is discontinued or decommissioned, no further records may be added to the system, although they must continue to be accessible in compliance with the previous clause. Records may be purged from the system in accordance with the Hovnanian Enterprises Inc. Records Retention Schedule, or moved to new systems with conversion and migration strategies. The process of discontinuing systems should be documented; as such detail will be required to maintain the authenticity, reliability, usability and integrity of records still held within that system.

Hovnanian Enterprises Inc. Archives: Where appropriate, systems must support the identification and transfer of images/documents to the Hovnanian Enterprises Inc. Archives.

Retention Schedule Maintenance: As changes and/or amendments are made to the Hovnanian Enterprises Inc. Records Retention Schedule, appropriate changes must also be made to image/document management systems to ensure that the systems calculate retention periods in compliance with the most current authorized version of the Schedule.

15.0 Training

The Corporate Records Administrator, with the help of the Human Resources Department and Departmental Records Coordinators, will be responsible for the implementation, resourcing, and administration of the records management training program.

The Corporate Records Administrator will create a records management training plan. The objective of the training is to notify all personnel of the existence, scope, purpose, and importance of Hovnanian Enterprises Inc.'s Records Management Program. All staff must also understand their responsibilities with respect to recordkeeping. At a minimum the training program should include the following topics:

- The Hovnanian Enterprises Inc. Records Retention Policy
- The Hovnanian Enterprises Inc. Records Retention Schedule
- The Hovnanian Enterprises Inc. E-mail Usage Policy
- The Hovnanian Enterprises Inc. Electronic Records Storage Policy
- Hovnanian Enterprises Inc. Procedures for Inactive Records Management, Access and Security, Records Destruction, Archives, and Suspension of the Retention Schedule

The Corporate Records Administrator is encouraged to conduct training in multiple mediums and situations to encourage maximum participation. Some possible ways to conduct training include:

- Incorporation in Hovnanian Enterprises Inc.'s induction or new associate orientation programs and documentation;
- Periodic seminars to discuss the Records Management Program and answer associate questions;
- On-the-job training and coaching provided as part of a formal program or informally by Department Records Coordinators; and
- Computer-based presentations and documentation available via the Hovnanian Enterprises Inc. Intranet.

Records management training should be provided for all personnel with any kind of responsibility for records. The Corporate Records Administrator needs to ensure that all staff identified in Section 4.0, *Roles and Responsibilities* of this document, has been adequately trained for the duties described in the document.

Documentation that evidences each person's attendance and participation in records management training should be created and filed in the same manner as other training certification and retained for the same period of time, as specified in the Records Retention Schedule.

The content of the records management training program should be periodically reviewed to ensure that it is consistent with current Hovnanian Enterprises Inc. policies and procedures. Training materials must be updated to reflect all changes, amendments, and updates to the Policy, Retention Schedule, and other Records Management Program documentation.

When new versions are published, all changes, amendments and updates to the Policy, Retention Schedule and other Records Management Program documentation must be communicated to all personnel with any kind of responsibility for records. Records that provide evidence of this communication should be retained.

Each year Department Managers are required to submit written confirmation that the department has complied with the Records Retention Policy. This report should reflect training activity conducted during the reporting period, including:

- Number of classes held,
- Number of personnel trained,
- Changes made to the training program and/or training materials, and
- Communications to staff regarding records management.

16.0 Compliance Monitoring

Each Department is responsible for participating in audits to monitor compliance with the Hovnanian Enterprises Inc. Records Retention Policy, Records Retention Schedule, and Records Management Procedures as determined by Audit Services.

Compliance audits will be conducted annually. At a minimum the audit will include verification that:

- Hardcopy records sent to inactive records storage are adequately indexed to support timely retrieval;
- Hardcopy records sent to inactive records storage are correctly coded per the Records Retention Schedule to permit proper destruction scheduling;
- Records in all forms related to pending or current legal matters are being "held" in order to prevent their destruction until the legal matter has been closed;
- Records in all forms related to closed legal matters have been released from retention "holds";
- Records whose retention period have expired and are not on "hold" are being routinely destroyed;
- Vital records are being adequately protected;
- Records of potential historical significance are being sent to the Hovnanian Enterprises Inc. Archives;
- Verification that electronic records, including e-mail, are being properly managed; and
- Records management training is being provided to all personnel with any kind of responsibility for records.

Where areas of non-compliance are discovered, Departments are required to take action to address them and bring them into compliance. Follow-up compliance monitoring will be conducted to verify that all areas of non-compliance have been adequately corrected.

Documentation that evidences compliance monitoring activity will be created and filed in the same manner as other internal business monitoring documentation and retained for the same period of time, as specified in the Records Retention Schedule.

Each year Department Managers are required to submit written confirmation that the business unit has complied with the Records Retention Policy. This report should reflect monitoring activity conducted during the reporting period, including:

- Findings of the auditor, including areas of non-compliance;
- Corrective actions planned or taken to address areas of non-compliance;
- Results of subsequent audits to verify that corrective actions have been implemented and areas of non-compliance are now compliant;
- Training activity conducted during the reporting period.

17.0 Records Management Contact Information

If anyone should have any questions, concerns, or need additional information in regard to this policy document please contact the Corporate Records Administrator at:

Name:	To be determined
Address:	
Phone Number:	
Fax Number:	
E-mail Address:	

Community Construction and Development Hovnanian Enterprises Inc. Records Retention Schedule

Record Class By Business Function

Record Class Code	Record Class Name/ Record Class Description / Record Types	Official Retention Period
	Warranty Statements - Homeowner	
CCD110	<p>Community Planning and Development</p> <p>Records related to post-contract and pre-construction Community planning. Includes community analysis and conceptual design plans.</p> <p>Retention Event: The retention period begins when the property or residence has closed.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> Approval Status - Community Planning and Development Community Analysis - Community Planning and Development Conceptual Design Plans - Community Planning and Development Pre-Design Architectural Plans Project Budget - Community Planning and Development Sell Out Documents 	ACT+15
CCD120	<p>Construction Plans</p> <p>Records related to the design and construction of Hovnanian communities. Includes construction reports and construction testing records. Excludes environmental testing records and design plans.</p> <p>See HAS130 for Environmental Approval Records. See CCD130 for Design Plans.</p> <p>Retention Event: Retain for the active life of the community. The retention period begins when the property is no longer owned by the company.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> As-Built - Construction Construction Project Close Out Files Construction Reports Construction Testing Records Engineering Study Records Soil Reports Structural Calculations T-24s Truss Calculations 	ACT+11

Community Construction and Development Hovnanian Enterprises Inc. Records Retention Schedule

Record Class By Business Function

Record Class Code	Record Class Name/ Record Class Description / Record Types	Official Retention Period
	<p>Internal Construction Audits</p> <p>Management Audit Response - Construction</p> <p>Management Response - Construction</p> <p>Process Audit Attributes - Construction Audits</p> <p>Process Audit Test Work - Construction</p> <p>Sample Selection Documents - Construction</p> <p>Testwork Schedules - Construction</p>	
LEO240	<p>Licenses, Permits and Certifications</p> <p>Business Permits</p> <p>Records related to business permits and licenses obtained by Hovnanian from governmental agencies in order to conduct business. Includes business licenses and permits.</p> <p>Retention Event: Retain for the life of the permit. The retention period begins when it has been superseded or is no longer in effect</p> <p><u>Examples Include:</u></p> <p>Business Licenses</p> <p>Business Permits</p>	ACT+3
LEO250	<p>Licenses, Permits and Certifications</p> <p>Construction and Building Permits</p> <p>Records related to construction and building permits obtained by Hovnanian from governmental agencies to build and improve real estate. Includes building, construction and real estate permits.</p> <p>Retention Event: Retain for the life of the permit. The retention period begins when it has been superseded or is no longer in effect</p> <p><u>Examples Include:</u></p> <p>Building Permits (including temporary trailers)</p> <p>Construction Permits</p> <p>Real Estate Permits</p> <p>Utility Plans/Permits</p>	ACT+3

Community Construction and Development	Hovnanian Enterprises Inc.	Records Retention Schedule
	Record Class By Business Function	

Record Class Code	Record Class Name/ Record Class Description / Record Types	Official Retention Period
LEO260	<p>Licenses, Permits and Certifications Environmental Permits</p> <p>Records related to environmental permits obtained by Hovnanian from governmental agencies permitting certain business activities which may have an impact on the environment.</p> <p>Retention Event: Retain for the life of the permit. The retention period begins when it has been superseded or is no longer in effect.</p> <p><u>Examples Include:</u> Air Quality Permits Department of Transportation Permit Environmental Impact Statements Seismic Permits Sewer Permits Soil Conservation Permits Stormwater Management Stream Encroachment Permit Tank Permits Water Quality Permits Well Site Permits Wetlands Permits</p>	ACT+5
LEO290	<p>Licenses, Permits and Certifications Zoning Permits</p> <p>Records related to zoning permits obtained by Hovnanian from governmental agencies in order to conduct specific types of business in certain geographic locations. Includes zoning permits.</p> <p>Retention Event: Retain for the life of the permit. The retention period begins when it has been superseded or is no longer in effect.</p> <p><u>Examples Include:</u> Zoning Permits</p>	ACT+3

Community Construction and Development Hovnanian Enterprises Inc. Records Retention Schedule

Record Class By Business Function

Record Class Code	Record Class Name/ Record Class Description / Record Types	Official Retention Period
SAL130	<p>Market Research and Analysis</p> <p>Records related to the development, administration, and analysis of market research. Includes research reports and competitive information.</p> <p>Retention Event: Retain for the life of the marketing plan. The retention period begins when the plan is superseded or is no longer in effect.</p> <p>Examples Include: Competitive Information Research Reports</p>	ACT+1
CCD150	<p>Project Management Construction</p> <p>Records related to the day-to-day management of Hovnanian construction projects.</p> <p>Retention Event: The retention period begins when the construction project has been completed.</p> <p>Examples Include: Addendum to the Vendor Cost Extensions Construction Budget Construction Cost Comparison Report (at sell-out) Contract Assigning Unit Price Agreement to the Building Entity Correspondence - Project Management Cost to Complete Packages Delivery Tickets Monthly Community Operating Statement (COS) Meeting Minutes Project Specifications Punch Lists Series Specifications (at sell-out) Subcontractor Assignments (Trade Partner) - Region Unit Price Contract Subcontractor Assignments (Trade Partner) - Vendor Cost Extension Report Trade by Trade Back-up Files</p>	ACT+15

Community Construction and Development	Hovnanian Enterprises Inc. Record Class By Business Function	Records Retention Schedule
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Record Class Code	Record Class Name/ Record Class Description / Record Types	Official Retention Period
LAD160	<p>Sales Proposals Rejected</p> <p>Records related to proposals or quotations that were not accepted by prospective customers. Includes rejected sales proposals.</p> <p>See CCD180 for Sales Proposals - Accepted.</p> <p>Retention Event: Retain for the life of the bid process. The retention period begins after the bid process has concluded.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> Correspondence - Rejected Sales Proposals Proposals - Rejected Sales Quotations - Rejected Sales 	ACT+1
CCD190	<p>Transition Files</p> <p>Records related to the transition of property management from Hovnanian-managed to Homeowner or Condominium Association-managed.</p> <p>Retention Event: The retention period begins after the management of the property has changed hands.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> As-Builts - Transition Engineering Report Homeowner Association Agreement Repair Information - Transition Site Plans - Transition Trade Partner Contracts - Transition Files 	ACT+6

Community Construction and Development

Hovnanian Enterprises Inc.

Records Retention Schedule

Record Class By Business Function

Record Class Code	Record Class Name/ Record Class Description / Record Types	Official Retention Period
HAS100	<p>Accidents and Injuries</p> <p>Records related to general liability and on-the job accidents as required by Occupational Safety and Health Administration (OSHA) regulations. Includes summary of injuries and illnesses logs, investigation reports, and accident records. Does not include related employee medical records.</p> <p>See HAS120 for Employee Medical Records.</p> <p>Retention Event: The retention period begins when the record is created.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> Accident Records Investigation Reports Log or Work-Related Injuries and Illnesses - Form 300 Police Report related to Injuries Summary of Work-Related Injuries and Illnesses - Form 300A Supplementary Record of Occupational Injuries and Illnesses - Form 101 	6

CCD100	<p>Closing Files</p> <p>Homeowner</p> <p>Records related to activities surrounding the closing of a residential unit. Includes homeowner accounting documents, banking and lending documents and title searches.</p> <p>Retention Event: The retention period begins when the property or residence has closed.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> Accounting Documents - Homeowner Ancillary Schedule to Title Insurance Policy - Homeowner Banking and Lending Documents - Homeowner Bankruptcy Search - Homeowner Builders Punchlist - Homeowner Encumbrance Search - Homeowner Policy of Title Insurance - Homeowner Property Survey - Homeowner Purchasing Statements - Homeowner Settlement Statements - Homeowner Title Search - Homeowner Upper Court Searches - Homeowner 	ACT+15
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Community Construction and Development
Hovnanian Enterprises Inc.
Records Retention Schedule

Record Class By Business Function

Record Class Code	Record Class Name/ Record Class Description / Record Types	Official Retention Period
LEO120	<div> <div>Contracts and Agreements</div> <div>Land Purchase and Sale</div> <div> Records related to Hovnanian's purchase and sale of land. Includes land purchase agreements, sale agreements, and environmental reports. Also includes disputes that do not progress to litigation and claims. </div> <div> See LEC170 for Litigation and Claims - Environmental. See LEC180 for Litigation and Claims - General. See LEO300 for Litigation and Claims - Homeowner and Community Lawsuits. See COR170 for Mergers, Acquisitions and Divestments - Due Diligence. See COR180 for Mergers, Acquisitions and Divestments - General. </div> <div> Retention Event: Retain for the life of the contract or agreement. The retention period begins when the contract or agreement terminates or expires. </div> <div> Examples Include: <ul style="list-style-type: none"> Amendments - Land Purchase and Sale Buybacks Certificate of Insurance - Land Purchase and Sale Change Orders - Land Purchase and Sale Contract Summary - Land Purchase and Sale Dedication of Water/Sewer Development Feasibility Plan - Land Purchase and Sale Feasibility Report - Land Purchase and Sale Historical Analysis - Land Purchase and Sale Joint Venture Approval or Denial - Land Purchase and Sale Land Appraisals - Land Purchase and Sale Land Assessments Land Closing Documents (Closing Binder) Land Due Diligence Land Purchase Agreements - Final or Draft Land Sale Agreements Letter of Intent - Land Purchase and Sale Notification of Contract Breach or Dispute - Land Purchase and Sale Wetland Studies - Land Purchase and Sale </div> </div>	ACT+15

Community Construction and Development Hovnanian Enterprises Inc. Records Retention Schedule

Record Class By Business Function

Record Class Code	Record Class Name/Record Class Description / Record Types	Official Retention Period
ACC170	<p>Cost Accounting Construction</p> <p>Records used to evaluate, document and analyze the construction related costs. These records detail total construction costs (material costs, direct labor costs, variable overhead costs, fixed overhead costs). Includes material cost and inventory summary reports. This does not include budgets and financial forecasts for new construction.</p> <p>See FIN130 for Budgets and Financial Forecasts - Financial Planning and Forecasting.</p> <p>Retention Event: The retention period begins after the construction is complete.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> Correspondence from Purchasing on Price Changes - Cost Accounting Cost of Sales Reports - Cost Accounting Cost Summaries - Cost Accounting Delivery Schedule Reports - Cost Accounting Forecast Cost Reports - Cost Accounting Inventory Reports - Cost Accounting Labor/Overhead Cost Reports - Cost Accounting Material Cost Reports - Cost Accounting Price Estimates - Cost Accounting Production Cost Analyses - Cost Accounting Variance (FO) Reports - Cost Accounting 	ACT+6
CCD130	<p>Design Plans</p> <p>Records related to the architectural specifications for Hovnanian communities. Includes prototypes and customizations.</p> <p>Retention Event: Retain while active. The retention period begins when the community has been developed.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> Architectural Drawings - Design Plans Blueprints - Design Plans Custom Options - Home Specific Plans (Standard Features vs. Optional Features) Plot Plans - Design Plans Prototypes - Design Plans Redlines - Design Plans 	ACT+15

Community Construction and Development

Hovnanian Enterprises Inc.
Record Class By Business Function

Records Retention Schedule

Record Class Code	Record Class Name/ Record Class Description / Record Types	Official Retention Period
CCD140	<div> <div> Scope of Work Changes - Design Plans Working Drawings - Design Plans </div> <div> Homeowner Service Files </div> </div> <p>Records that relate to the servicing of Homeowner warranties on homes sold by Hovnanian</p> <p>Retention Event: Retain while active. The retention period is 11 years from the date of closing.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> Completion of Repair - Signed Service Ticket Correspondence - Homeowner Designer Selection Sheet Invoices - Contractors Presettlement Closing Form Service Request Service Ticket Service Vouchers 	ACT+11
AUD140	<div> <div>Internal Operational Audits Construction</div> <div> Records related to construction audits of Hovnanian developments for compliance with internal policies and procedures. Includes construction safety audits. Records are generally kept under each audit, under the Division in which it was performed. </div> <div> Retention Event: The retention period begins when the record is created. </div> <div> <u>Examples Include:</u> Audit Committee Summary - Construction Audit Corrective Actions and Responses - Construction Audit Findings - Construction Audit Notification Correspondence - Construction Audit Program - Construction Audit Status Logs - Construction Audit Summary Reports - Construction CEO Summary - Construction Construction Safety Audits Corrective Actions - Construction Follow-up Report - Construction </div> </div>	7

Community Construction and Development

Hovnanian Enterprises Inc. Record Class By Business Function

Records Retention Schedule

Record Class Code	Record Class Name/ Record Class Description / Record Types	Official Retention Period
CCD160	<p>Regulatory Inspections</p> <p>Inspections required by state or municipality for Hovnanian construction projects.</p> <p>Retention Event: The retention period begins when the construction project is completed.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> Building Inspections Elevator Inspections Engineering Reports/Letters of Certification Home Inspections 	ACT+3
HAS180	<p>Safety Meeting Records</p> <p>Records related to regular meetings between Hovnanian and their subcontractors. Includes record of attendance and meeting minutes.</p> <p>Retention Event: The retention period begins when the record is created.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> Attendance Sheet - Safety Attendee Signatures - Safety Meeting Minutes - Safety Record of Attendance - Safety Tool Box Discussions - Safety 	6
CCD170	<p>Sales Files</p> <p>Records related to the sale of a resident unit to a Homeowner. Includes Certificate of Occupancy and closing documentation.</p> <p>Retention Event: The retention period begins when the property has been sold to the resident.</p> <p><u>Examples Include:</u></p> <ul style="list-style-type: none"> Addenda - Sales File Attorney Correspondence - Sales File Basic Contract - Sales File Certificate of Occupancy - Sales File Change Order - Design Center - Sales File Closing Worksheet - Sales File (Closing Department) Customer Correspondence - Sales File Customer Deposit - Check Copy 	ACT+11

Community Construction and Development
Hovnanian Enterprises Inc.
Records Retention Schedule

Record Class By Business Function

Record Class Code	Record Class Name/ Record Class Description / Record Types	Official Retention Period
CCD180	Decorator Selection Sheet	ACT+6
	HUD 1 Statement (Closing Department)	
	Lot Survey - Sales File	
	Pest Inspection - FHA Mortgages	
	Preliminary Sketches Riders - Sales File	
	Sales Proposals	
	Accepted	
	Records related to accepted proposals or quotations provided to customers that specify terms and conditions under which Hovmanian will provide products and services. Includes accepted sales proposals.	
	See LAD160 for Sales Proposals - Rejected.	
	Retention Event: The retention period begins when the record is created.	
LAD150	<u>Examples Include:</u>	6
	Correspondence - Accepted Sales Proposals	
	Proposals - Accepted Sales	
	Quotations - Accepted Sales	
	Sales Proposals	
	General	
	Records related to Requests for Information (RFI), Requests for Proposal (RFP), Requests for Quote (RFQ), and other submitted proposals to prospective customers by Hovmanian not covered elsewhere. These records support the process of RFI/RFP/RFQ response including copies of original customer requests, supporting documents, final proposals, and pricing models. Includes sales proposals. Does not include Requests for Proposals from governmental entities.	
	See LAD140 for Requests for Proposal - Government	
	Retention Event: The retention period begins when the record is created.	
	<u>Examples Include:</u>	
	Proposals - Sales	
	Requests for Information (RFI) - Sales	
	Requests for Proposal (RFP) - Sales	
	Requests for Quote (RFQ) - Sales	